

CONTRA COSTA FAMILY JUSTICE ALLIANCE
(A California Nonprofit Corporation)

Financial Statements

December 31, 2019 and 2018

ERNST WINTER & ASSOCIATES LLP
Certified Public Accountants

Contra Costa Family Justice Alliance

December 31, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors of
Contra Costa Family Justice Alliance
Richmond, CA 94804

We have audited the accompanying financial statements of Contra Costa Family Justice Alliance (a California nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Contra Costa Family Justice Alliance as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ernst Winter & Associates LLP

Walnut Creek, CA
September 16, 2020

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 659,178	\$ 214,960
Grant receivables	509,796	715,293
Other receivables	13,072	14,072
Prepaid expenses	29,446	24,026
Deposits	6,750	-
Total Current Assets	1,218,242	968,351
Non-Current Assets		
Property and equipment, net	281,167	201,938
Total Non-current Assets	281,167	201,938
Total Assets	\$ 1,499,409	\$ 1,170,289
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 32,951	\$ 100,390
Accrued rent	50,000	50,000
Deferred rent	50,190	-
Accrued compensation	70,349	37,213
Deferred revenue	2,065	5,771
Refundable advance	182,949	-
Other liabilities	23,773	49,791
Total Liabilities	412,277	243,165
Net Assets		
Net Assets without donor restrictions	964,310	749,966
Net Assets with donor restrictions	122,822	177,158
Total Net Assets	1,087,132	927,124
Total Liabilities and Net Assets	\$ 1,499,409	\$ 1,170,289

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Public Support						
Local and state government grants	\$ 1,757,114	\$ -	\$ 1,757,114	\$ 1,201,183	\$ -	\$ 1,201,183
Public support	274,312	122,822	397,134	458,131	177,158	635,289
In-kind donations	136,996	-	136,996	143,520	-	143,520
Fundraising events, net	124,081	-	124,081	84,356	-	84,356
Other income	20,183	-	20,183	58,882	-	58,882
Net assets released from restrictions	177,158	(177,158)	-	50,000	(50,000)	-
Total Revenue and Public Support	2,489,844	(54,336)	2,435,508	1,996,072	127,158	2,123,230
Expenses						
Program services	1,798,663	-	1,798,663	1,381,655	-	1,381,655
Management and general	404,157	-	404,157	300,854	-	300,854
Fundraising	72,680	-	72,680	63,218	-	63,218
Total Expenses	2,275,500	-	2,275,500	1,745,727	-	1,745,727
Change in Net Assets	214,344	(54,336)	160,008	250,345	127,158	377,503
Net Assets, Beginning of Year	749,966	177,158	927,124	499,621	50,000	549,621
Net Assets, End of Year	\$ 964,310	\$ 122,822	\$ 1,087,132	\$ 749,966	\$ 177,158	\$ 927,124

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Functional Expenses
For the Years ended December 31, 2019 and 2018

	<u>2019</u>				<u>2018</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Compensation & benefits	\$ 611,943	\$ 161,228	\$ 29,272	\$ 802,443	\$ 446,768	\$ 126,310	\$ 30,537	\$ 603,615
Occupancy	411,255	94,824	17,812	523,891	350,992	80,930	15,202	447,124
Contract services	342,761	79,031	14,846	436,638	180,949	41,722	7,837	230,508
Client services	154,539	11,249	-	165,788	180,579	2,510	471	183,560
Accounting & finance services	75,799	17,477	3,283	96,559	58,960	13,595	2,554	75,109
Depreciation	46,887	10,811	2,031	59,729	31,008	7,150	1,343	39,501
Payroll taxes	47,040	10,847	2,037	59,924	36,333	8,377	1,574	46,284
Information technology	34,052	7,852	1,475	43,379	32,438	7,479	1,405	41,322
Direct fundraising	-	-	17,179	17,179	-	-	10,556	10,556
Grants to domestic organizations	16,200	-	-	16,200	3,500	-	-	3,500
Insurance	11,660	2,688	505	14,853	10,697	2,466	463	13,627
Retirement plan cost	11,589	2,517	362	14,468	8,194	1,780	256	10,230
Office costs	10,146	2,340	439	12,925	19,239	4,436	833	24,508
Supplies	9,886	2,280	428	12,594	7,195	1,659	312	9,166
Travel	9,912	-	-	9,912	4,570	-	-	4,570
Equipment lease & rental	4,394	1,013	190	5,597	4,816	1,110	209	6,135
Other	600	-	-	600	299	149	-	448
Contributed services	-	-	-	-	5,118	1,180	222	6,520
	<u>\$ 1,798,663</u>	<u>\$ 404,157</u>	<u>\$ 89,859</u>	<u>\$ 2,292,679</u>	<u>\$ 1,381,655</u>	<u>\$ 300,854</u>	<u>\$ 73,774</u>	<u>\$ 1,756,283</u>
Less expenses included with revenues on the statements of activities:								
Direct fundraising	-	-	(17,179)	(17,179)	-	-	(10,556)	(10,556)
Total expenses included in the expense section on the statements of activities	<u>\$ 1,798,663</u>	<u>\$ 404,157</u>	<u>\$ 72,680</u>	<u>\$ 2,275,500</u>	<u>\$ 1,381,655</u>	<u>300,854</u>	<u>63,218</u>	<u>1,745,727</u>

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance
(A California Nonprofit Corporation)
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 160,008	\$ 377,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	59,729	39,501
Gain on disposal of fixed assets	-	867
Changes in operating assets and liabilities:		
Grant receivables	205,497	(305,632)
Other receivables	1,000	(228)
Prepaid expenses	(5,420)	(148)
Deposits	(6,750)	-
Accounts payable	(67,439)	93,015
Deferred rent	50,190	-
Accrued compensation	33,136	7,453
Refundable advance	182,949	-
Deferred revenue	(3,706)	(15,249)
Other liabilities	(26,018)	39,303
Net Cash Provided by Operating Activities	583,176	236,385
Cash Flows from Investing Activities		
Purchase of property and equipment	(138,958)	(151,514)
Net Cash Used In Investing Activities	(138,958)	(151,514)
Net Increase in Cash and Cash Equivalents	444,218	84,871
Cash and cash equivalents at beginning of year	214,960	130,089
Cash and Cash Equivalents at End of Year	\$ 659,178	\$ 214,960

See independent auditor's report and accompanying notes.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

1. Organization

Contra Costa Family Justice Alliance (“the Organization”) is a nonprofit public benefit corporation started in 2015 in Contra Costa County of California. The Organization’s mission is to bring the community together to support the healing of family violence survivors and to integrate capable partners with a comprehensive approach to renew individuals and the community from the trauma of family violence.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which recognizes income in the period earned and expenses when incurred.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. Contributions restricted by donors are reported as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less, including bank money market accounts. There were no cash equivalents at December 31, 2019 and 2018.

Revenue Recognition

Contributions and Grants

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”).

If the transfer of assets is determined to be a contribution, the Organization evaluates whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. If both items are met, the contribution is deemed conditional, and if both are not met, the contribution is unconditional.

Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met. Any amounts received before conditions have been met are included as a refundable advance on the statement of financial position. Contributions received on a cost-reimbursement basis are considered conditional grants and recognized as revenue when related expenses are incurred and as conditions are met. At December 31, 2019, \$182,949 is included as a refundable advance for a cost reimbursement grant.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions and Grants (Continued)

Unconditional contributions are recognized immediately when the donor makes the promise to give, with or without donor restrictions.

Both ASU 2018-08 and ASC 606 were effective for the year ended December 31, 2019. No adjustment to beginning net assets was required. ASC 606 did not have a material impact on the statement of financial position, statement of activities, cash flows, business processes, controls or systems of the Organization as most of the revenue is recognized under ASU 2018-08.

Contributed Materials and Services

The Organization records various types of gift-in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. During the years ended December 31, 2019 and 2018, the Organization received in-kind rent contributions of \$136,996 and \$137,000 respectively. During 2019 and 2018, the Organization received contributed architectural services of \$0 and \$6,520, respectively.

Property and Equipment

Property and equipment, if purchased, is recorded at cost. The Organization capitalizes fixed assets with a cost greater than \$1,000. Maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at the time. Property and equipment are depreciated using the straight-line method of accounting over useful lives of 3 to 7 years.

Functional Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles in the United States require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and may have impact on future periods.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

2. Significant Accounting Policies (Continued)

Income Taxes

The Organization has been granted exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. The Organization is not a private foundation. In addition, there was no unrelated business income tax for 2019 and 2018, and management believes that there are no uncertain tax positions. As a 501(c)(3) organization, donors qualify for the charitable deduction. Accordingly, there is no provision for federal or state income taxes. Federal and state tax authorities generally have the right to examine and audit the previous year of tax returns filed. However, unless there are unusual circumstances, the Organization would not be subject to examination of its federal income tax returns for years before 2016 or state returns for years before 2015 due to expiration of the applicable statute of limitations.

Deferred Rent

Deferred rent consists of the difference between cash payments and the recognition of rent expense on a straight-line basis over the life of the leases.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. New Accounting Pronouncements

Recently Adopted Accounting Guidance

ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ASU 2018-08. This update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The new guidance was applied on a modified prospective basis to all agreements as of January 1, 2019.

Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”)

In May 2014, the FASB issued ASU 2014-09, that defines how companies report revenues from contracts with customers and requires enhanced disclosures. The impact of the update was insignificant to the financial statements as most contracts are accounted for under ASU 2018-08.

Recently Issued Accounting Guidance, Not Yet Adopted

ASU 2016-02 Leases (Topic 842) (“ASU 2016-02”)

In February 2016, the FASB issued ASU 2016-02, which amends a number of aspects of lease accounting, including requiring lessees to recognize almost all leases with a term greater than one year as a right-of-use asset and corresponding liability, measured at the present value of the lease payments. ASU 2016-02 is effective beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. It is required to be adopted using a modified retrospective approach. Early adoption is permitted. The Organization is evaluating the impact of the adoption of this standard.

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

4. Liquidity and Availability of Financial Assets

The Organization has \$1,059,224 of financial assets available within one year of December 31, 2019. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019, comprise the following:

	2019
Cash and cash equivalents	\$ 659,178
Grants receivable	509,796
Other receivables	13,072
Net assets with donor restrictions	<u>(122,822)</u>
	<u>\$ 1,059,224</u>

To help manage unanticipated liquidity needs, the Organization obtained a \$200,000 line of credit on May 28, 2020, to draw upon if needed.

5. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may have exceeded federally insured limits during the year.

At December 31, 2019 and 2018, 39% and 37% of total contributions were received from four donors respectively, and 49% and 65% of grant receivables were from three donors, respectively.

6. Property and Equipment

A summary of property and equipment at December 31, 2019 and 2018 is as follows:

	2019	2018
Furniture and fixtures	\$ 124,184	\$ 79,075
Equipment	76,153	62,304
Leasehold improvements	<u>224,150</u>	<u>144,150</u>
Total property and equipment	424,487	285,529
Less accumulated depreciation	<u>(143,320)</u>	<u>(83,591)</u>
Property and equipment, net	<u>\$ 281,167</u>	<u>\$ 201,938</u>

Depreciation expense totaled \$59,729 and \$39,501 in 2019 and 2018, respectively. During 2018, the Organization disposed of \$2,478 of equipment and recognized a gain of \$867.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 consist of the following:

	2019	2018
Leshler Foundation – time restrictions	\$ 75,000	\$ -
The WA Gerbode Foundation – 2020 Census	25,000	-
Silicon Valley Foundation – 2020 Census	15,000	-
Van Loben Sels/RembeRock – lawyers	6,138	6,258
Other	1,684	-
Leshler Foundation – capital improvements	-	75,000
Kaiser East – capital improvements	-	73,400
San Francisco Foundation – time restrictions	-	<u>22,500</u>
Total	<u>\$ 122,822</u>	<u>\$ 177,158</u>

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

7. Net Assets with Donor Restrictions (continued)

During 2019 and 2018, net assets released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors or by occurrence of passage of time:

	2019	2018
Leshner Foundation – capital improvements	\$ 75,000	\$ 50,000
Kaiser East – capital improvements	73,400	-
San Francisco Foundation – time restrictions	22,500	-
Van Loben Sels/RembeRock – lawyers	6,258	-
Total	<u>\$ 177,158</u>	<u>\$ 50,000</u>

8. Retirement Plan

The Organization has a Simple IRA plan. The plan calls for the Organization to contribute 2% of eligible annual compensation. The plan covers all employees with annual earnings of more than \$5,000 and is effective immediately upon commencement of employment. Upon commencement of employment, employees are eligible to contribute to the plan, up to the applicable limitation for that year. During the years ended December 31, 2019 and 2018, the Organization contributed \$14,468 and \$10,230, respectively, which is included in retirement plan cost on the accompanying Statement of Functional Expenses.

9. Commitments

In January 2013, the Organization entered into a 10-year non-cancelable operating lease for office space with the City of Richmond that expires in January 2023. Under the terms of the lease, the annual base rent is \$12. Each year the City of Richmond and the Organization agree upon additional rent payments and in-kind contribution of rent. In the years ended 2019 and 2018, the Organization paid \$100,000 each year in addition to the base rent and received an in-kind contribution of \$137,000 in both years.

In December 2014, the Organization entered into a 3-year non-cancelable operating lease for office space in Concord, California. The lease was amended and extended for another 3 years, expiring in 2021.

In July 2019, the Organization entered into a 10-year non-cancelable operating lease for office space in Antioch, California that expires in June 2029.

For the years ended December 31, 2019 and 2018, total rent expense for the three locations were \$493,631 and \$424,914 respectively, and is included in occupancy on the accompanying Statements of Functional Expenses.

Minimum future lease payments under non-cancelable operating leases are as follows at December 31, 2019:

Year ending December 31,	
2020	\$ 242,035
2021	73,528
2022	58,512
2023	63,001
2024	67,500
Thereafter	<u>340,500</u>
	<u>\$ 845,076</u>

Contra Costa Family Justice Alliance

Notes to the Financial Statements

December 31, 2019 and 2018

10. Subsequent Events

Management has considered events or transactions occurring subsequent to December 31, 2019 through September 16, 2020, which represents the date the financial statements were available to be issued.

Subsequent to year end, COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. The Organization's centers did not shut down for any period of time and adopted an appropriate protocol for compliance with County guidelines. In response to COVID-19, on April 24, 2020, the Organization received a paycheck protection program loan in the amount of \$188,000 by a Small Business Administration (SBA) approved partner with interest rate of 1%. The Organization is eligible for loan forgiveness of 100% of the loan, upon meeting certain requirements. Management intends to take measures to maximize loan forgiveness but cannot reasonably determine the portion of the loan that will be ultimately forgiven.

The Organization obtained a \$200,000 line of credit in May 2020 which has not been drawn on and expires on May 28, 2021.